

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 16631
[Redacted]	)	
	)	DECISION
Petitioners.	)	
_____	)	

On October 8, 2002, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable years 1994 through 1999 in the total amount of \$14,571.

The taxpayers filed a timely appeal. They submitted additional information but did not request a conference. Therefore, the Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Because Tax Commission records showed the taxpayers met the state income tax filing requirements and had not filed Idaho returns for the years in question, the Bureau attempted to contact the taxpayers for an explanation of why no Idaho returns had been filed. The taxpayers did not respond to the inquiry.

The Bureau requested and received a transcript [Redacted]. The information was provided in accordance with Internal Revenue Code § 6103(d) and Idaho Code § 63-3077.

Idaho Code § 63-3045 (1)(a) states:

**63-3045. Notice of redetermination or deficiency --**  
**Interest.** (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known

to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

Because the taxpayers had not filed Idaho income tax returns for the years 1994 through 1999, the Bureau prepared returns on their behalf and sent them a Notice of Deficiency Determination. [Redacted] sent a letter protesting the determination. In that letter, she said she and her husband did not agree with the amounts shown in the notice because each year's deductions should have been higher. She said they have [Redacted] children and money is tight. She indicated concern over the cost of having returns prepared and filed.

The Bureau wrote the taxpayers back acknowledging their protest and offering to adjust the determination if the taxpayers would provide the information necessary to make the proper calculations. The taxpayers did not respond to that letter or two additional letters. One of the two additional letters the Bureau sent to the taxpayers advised the taxpayers the Bureau had discovered the deficiency for tax year 1995 should be canceled. The taxpayers were told the determination for 1995 was the only year that was canceled and asked them to submit information regarding the other years.

Nothing further was heard from the taxpayers and their file was transferred to the Legal/Tax Policy Division for administrative review. In response to a letter from the Tax Appeals Specialist advising the taxpayers of their appeal rights, [Redacted] sent a letter wherein she asked for copies of the W-2s. She said they are just barely scraping by financially so did not know how they could get the returns prepared.

The Specialist sent a letter to advise the taxpayers that adjustments to the Bureau's determination could be made without the returns being filed if the taxpayers would supply the missing personal information such as, the number of children they were entitled to claim as dependents each year. The taxpayers did not answer the letter.

On March 18, 2003, the Tax Commission received a letter signed by [Redacted] wherein she indicated the taxpayers were entitled to claim [Redacted] children in tax year 1994 and [Redacted] children in tax year 1998. She did not list any children for the other years. She said the family continues with its financial struggle and cannot pay amount at this time.

Tax Commission records show that during 1994 and 1996 through 1999 the taxpayers were Idaho residents with Idaho sourced income in excess of Idaho's filing requirements. However, they have not filed Idaho individual income tax returns for any of the years.

The Bureau prepared returns on behalf of the taxpayers using available income information. However, the Bureau could not make adjustments to the tax resulting from that income or take deductions or exemptions on behalf of the taxpayers without knowing the adjustments to make. Now that the Tax Commission has information regarding dependents for 1994 and 1998, those adjustments will be made. Withholding that could be identified was allowed to reduce the resulting tax due.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated October 8, 2002, is hereby MODIFIED, and as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1994	\$ 101	\$ 10	\$ 35	\$ 101
1996	1,903	476	869	3,248
1997	1,688	422	624	2,734
1998	0	0	0	0
1999	2,775	694	609	4,078
			TOTAL	<u>\$10,161</u>

Interest is computed through April 1, 2003.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2003.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

### **CERTIFICATE OF SERVICE**

I hereby certify that I have on this \_\_\_\_\_ day of \_\_\_\_\_, 2003, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]  
[Redacted]

[Redacted]

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